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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

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**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

FACING PAGE

REPORT FOR THE PERIOD BEGINNING 01/01/2017 AND ENDING 12/31/2017
MM/DD/YY MM/DD/YY**A. REGISTRANT IDENTIFICATION**NAME OF BROKER-DEALER: **Cardinal Investments, Inc.**

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

1600 North Belt West

(No. and Street)

Belleville**Illinois****62226-5923**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Jeffrey J. Heet

(618) 277-1005

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Holt and Patterson CPAs LLC

(Name - if individual, state last, first, middle name)

260 Chesterfield Industrial Blvd Chesterfield**MO****63005**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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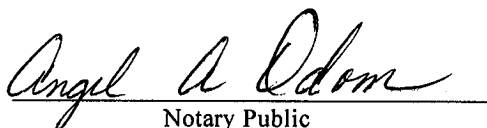
OATH OR AFFIRMATION

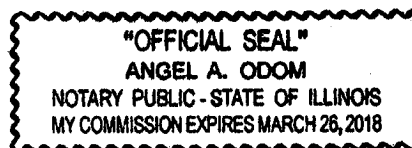
I, Jeffrey J. Heet, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Cardinal Investments, Inc., as of December 31st, 2017, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Signature

President

Title


Notary Public



This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

CARDINAL INVESTMENTS, INC.
AUDITED FINANCIAL STATEMENTS
For the year ending
December 31, 2017

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
of Cardinal Investments, Inc.

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) Cardinal Investments, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Cardinal Investments, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: ((2)(ii) (exemption provisions) and (2) Cardinal Investments, Inc. stated that Cardinal Investments, Inc. met the identified exemption provisions throughout the most recent fiscal year without exception. Cardinal Investments, Inc.'s management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Cardinal Investment, Inc.'s compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Holt & Patterson, LLC
Chesterfield, MO 63005
February 26, 2018

260 CHESTERFIELD INDUSTRIAL BLVD.

CHESTERFIELD, MO 63005

PHONE 636/530-1040

FAX 636/530-1101



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
of Cardinal Investments, Inc.

Opinion on The Financial Statements

We have audited the accompanying statement of financial condition of Cardinal Investments, Inc. ("The Company") as of December 31, 2017, the related statements of operation, changes in stockholders' equity, and cash flows for the year then ended, and the related notes and schedules (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of Cardinal Investments, Inc. as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of Cardinal Investment, Inc.'s management. Our responsibility is to express an opinion on Cardinal Investment, Inc.'s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to Cardinal Investments, Inc. in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Supplemental Information

The supplemental information located on pages 12-13 has been subjected to audit procedures performed in conjunction with the audit of Cardinal Investment Inc.'s financial statements. The supplemental information is the responsibility of Cardinal Investment Inc.'s management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the supplemental information located on pages 12-13 is fairly stated, in all material respects, in relation to the financial statements as a whole.

Holt & Patterson, LLC
We have served as Cardinal Investment Inc.'s auditor since 2009.
Chesterfield, MO
February 26, 2018

260 CHESTERFIELD INDUSTRIAL BLVD.

CHESTERFIELD, MO 63005

PHONE 636/530-1040

FAX 636/530-1101

CARDINAL INVESTMENTS INC.
STATEMENT OF FINANCIAL CONDITION
as of 12/31/2017

ASSETS

CURRENT ASSETS

Cash	\$ 32,552
Deposits with Clearing Organizations	35,000
Commissions Receivable	17,292
Other Receivable	8,970
TOTAL CURRENT ASSETS	93,814

FIXED ASSETS

Furniture and Equipment	79,756
Leasehold Improvements	
Accumulated Depreciation	(79,756)

TOTAL FIXED ASSETS -

OTHER ASSETS

Prepaid Expenses	-
Deferred Tax Asset	
Due from Officer	16,832

TOTAL OTHER ASSETS 16,832

TOTAL ASSETS \$ 110,646

See Independent Auditors' Report and Accompanying Notes

CARDINAL INVESTMENTS INC.
STATEMENT OF FINANCIAL CONDITION
as of 12/31/2017

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 123
Commissions Payable	6,112
Income Tax Payable	
	<hr/>
TOTAL CURRENT LIABILITIES	<hr/> 6,235 <hr/>

LONG TERM LIABILITIES

TOTAL LONG TERM LIABILITIES	<hr/> - <hr/>
TOTAL LIABILITIES	<hr/> 6,235 <hr/>

STOCKHOLDERS' EQUITY

Common Stock, \$1 par value, 800 shares authorized, 800 shares issued and outstanding	800
Additional Paid-in Capital	34,715
Retained Earnings	<hr/> 68,896 <hr/>
TOTAL STOCKHOLDERS' EQUITY	<hr/> 104,411 <hr/>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<hr/> \$ 110,646 <hr/>
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See Independent Auditors' Report and Accompanying Notes

CARDINAL INVESTMENTS INC.
STATEMENT OF Operations
For the Year Ended December 31, 2017

		%
INCOME		
Commission and Fee Income	\$ 329,417	100.00
Investments	-	0.00
	<u>329,417</u>	<u>100.00</u>
TOTAL INCOME	<u>329,417</u>	<u>100.00</u>
OPERATING EXPENSES		
Administration	872	0.26
Interest Expense	2	0.00
Outside Brokers Commissions	47,098	14.30
Dues and Subscriptions	3,805	1.16
Donations	257	0.08
Clearing fees	33,552	10.19
Salaries	166,950	50.68
Promotions	471	0.14
Insurance	22,439	6.81
Legal and Professional Fees	3,170	0.96
Meals and Entertainment	396	0.12
Office Expense	4,058	1.23
Payroll Taxes	12,895	3.91
Professional Development	150	0.05
Postage and Delivery	203	0.06
Registration Fees	7,156	2.17
Rent Expense	10,500	3.19
Repairs and Maintenance	1,378	0.42
Travel	340	0.10
Utilities	8,777	2.66
	<u>324,469</u>	<u>98.50</u>
TOTAL OPERATING EXPENSES	<u>324,469</u>	<u>98.50</u>
INCOME (LOSS) FROM OPERATIONS	<u>4,948</u>	<u>1.50</u>
INCOME TAX		
Federal Income Tax Expense	-	-
State Income Tax Expense	-	-
Deferred Income Tax (Income) Expense	-	-
	<u>-</u>	<u>-</u>
TOTAL INCOME TAX	<u>-</u>	<u>-</u>
NET INCOME (LOSS)	<u><u>\$ 4,948</u></u>	<u><u>1.50</u></u>

See Independent Auditors Report and Accompanying Notes

CARDINAL INVESTMENTS INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the Year Ended December 31, 2017

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
BALANCE DATE AT DECEMBER 31, 2016	800	34,715	63,948	99,463
Net Income			4,948	4,948
BALANCE DATE AT DECEMBER 31, 2017	<u>\$ 800</u>	<u>\$ 34,715</u>	<u>\$ 68,896</u>	<u>\$ 104,411</u>

See Independent Auditors' Report and Accompanying Notes

CARDINAL INVESTMENTS INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Income (Loss)	<u>\$ 4,948</u>
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Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:

Depreciation	
Deferred Income Tax Expense (Benefit)	545
Pre-Paid Expenses	3,442
Decrease (Increase) in Operating Assets	
Receivables	9,374
Increase (Decrease) in Payable	
Commissions payable	1,032
Accounts payable	(223)
Taxes payable	-
Total Adjustments	<u>14,170</u>

NET CASH PROVIDED BY (USED) IN OPERATING ACTIVITIES	<u>19,118</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Prepaid Expenses	<u>-</u>
------------------	----------

NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>-</u>
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CASH FLOWS FROM FINANCING ACTIVITIES:

	<u>-</u>
--	----------

NET CASH PROVIDED BY (USED) IN FINANCING ACTIVITIES	<u>-</u>
---	----------

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,118
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CASH AND CASH EQUIVALENTS, beginning of year	<u>13,434</u>
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CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 32,552</u></u>
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INTEREST PAID	2
TAXES PAID	-

See Independent Auditors' Report and Accompanying Notes

CARDINAL INVESTMENTS, INC.
Notes to the Financial Statements

For the Year Ended December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant policies is presented to assist in the understanding of Cardinal Investments, Inc.'s (the Company) financial statements. The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Business Activity

The Company is a broker-dealer registered with the Securities and Exchange (SEC) and is a member of FINRA. The Company is a registered insurance agency for the purposes of offering variable insurance products in states where it is properly licensed. The Company was incorporated in May 1994. Operations were started in August, 1994 with a general securities operation beginning in October, 1994.

Basis of Presentation

The Company is engaged in a single line of business as a securities broker-dealer, which comprises several classes of services, including principal and agency transactions.

Securities Transactions

Proprietary securities transactions in regular-way trades are recorded on trade date, as if they had settled. Profit and loss arising from all securities transactions entered for the account and risk of the Company are recorded on trade date. Customers' securities transactions are reported on a settlement date basis with related commission income and expenses reported on a trade date basis.

Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the statement of financial condition.

Commissions

Commissions and related clearing expenses are recorded on a trade date basis as securities transactions occur.

See Independent Auditors' Report

CARDINAL INVESTMENTS, INC.
Notes to the Financial Statements

For the Year Ended December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Basis of Accounting

The accompanying financial statements are presented in accordance with the accrual basis of accounting.

Concentrations of Credit Risk

The Company is engaged in various trading and brokerage activities in which counter-parties primarily include banks and other financial institutions. In the event counter-parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter-party.

At times throughout the year, the Company may maintain certain bank accounts in excess of the FDIC insured limits.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – RECEIVABLE FROM AND PAYABLE TO CUSTOMERS

Accounts receivable from and payable to customers include amounts due on cash and margin transactions. Securities owned by customers are held as collateral for receivables. Such collateral is not reflected in the financial statements.

The Company has elected to use the reserve method in accounting for bad debts. Under this method, all uncollectible accounts are charged to the allowance account and the bad debt expense is determined by adjusting the balance in the allowance account to a reserve considered reasonable by management. No allowance for doubtful accounts was considered necessary at December 31, 2017. The bad debt expense at December 31, 2017 was \$0.

See Independent Auditors' Report

CARDINAL INVESTMENTS, INC.
Notes to the Financial Statements

For the Year Ended December 31, 2017

NOTE 3 – INCOME TAXES

The Company implemented FASB Accounting Standards Codification 740-10, Income Taxes. Included in this is a requirement under Accounting for Uncertainty in Income Taxes that realization of an uncertain income tax position must be “more likely than not” (i.e. greater than 50% likelihood of receiving a benefit or expense) before it should be recognized in the financial statements as the amount most likely to be realized assuming a review by the authorities having all relevant information and applying current conventions. The code section also clarifies the financial statement classification of potential tax-related penalties and interest and sets forth new disclosures regarding unrecognized tax benefits or expenses. The Company assessed its federal and state tax positions and determined there were no uncertainties or possible related effects that need to be recorded as of and for the years ended December 31, 2017.

The federal and state income tax returns for the Corporation for 2013, 2014, 2015 and 2016 are subject to examination by respective taxing authorities generally for three years after they are filed.

The Company’s policy for reporting interest and penalties related to income taxes is to expense as they are incurred. The Company feels there is a more likely than not chance that all tax positions will be fully recognized; therefore, no provision for potential interest or penalties on these tax positions have been made. The total penalties and interest the Company paid for 2017 was \$0.

NOTE 4 – DEFERRED TAXES

The Company has adopted ASC 740-10, Accounting for Income Taxes, to account for deferred income taxes. Deferred taxes are computed based on the tax liability or benefit in future years of the reversal of temporary differences in the recognition of income or deduction of expenses between financial and tax reporting purposes. The difference between tax expense and taxes currently payable is reflected in the balance sheet as deferred taxes. The items resulting in deferred taxes are as follows:

	<u>2017</u>
Contributions (Expires 2017)	1127
	<u>\$ 1127</u>

See Independent Auditors’ Report

CARDINAL INVESTMENTS, INC.
Notes to the Financial Statements

For the Year Ended December 31, 2017

NOTE 5 – RELATED PARTY TRANSACTIONS

The Company's office building is rented from a corporation that is owned by the Company's shareholders. This lease was entered into with an annual renewal option. Rental payments at December 31, 2017 totaled \$10,500.

NOTE 6 –NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2017, the Company had net capital of \$84,909, respectively, which was \$79,909 and in excess of its required net capital of \$5,000.

NOTE 7 – ADVERTISING COST

Non-direct-response advertising costs are expensed in the year incurred. This amount at December 31, 2017 totaled \$0, respectively. The Company did not incur any direct-response advertising cost during the year.

NOTE 8 – DATE OF MANAGEMENT REVIEW

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosures through February 26, 2018, the date of the management representation letter and the date the financial statements were available to be issued.

See Independent Auditors' Report

CARDINAL INVESTMENTS INC.
COMPUTATION OF NET CAPITAL
as of 12/31/2017

NET CAPITAL COMPUTATION:

Stockholders' Equity			\$ 104,411
Deductions and/or charges			
Receivables (non-allowable portion)	2,670		
Accounts Receivable	16,832		19,502
Subtotal			
NET CAPITAL			<u>\$ 84,909</u>

There are no material differences between the Net Capital calculation compared to the broker-dealer's unaudited Part II.

RECONCILIATION WITH COMPANY'S COMPUTATION

Net capital, as reported in Company's Part II (Unaudited)

FOCUS Report	\$ 84,909
Net audit adjustments	
	<u>\$ 84,909</u>

Cardinal Investments Inc.
COMPUTATION OF NET CAPITAL REQUIREMENTS
as of 12/31/2017

Minimum Net Capital Required (6 2/3% of Aggregate Indebtedness)	\$ 416
Minimum Dollar Net Capital Required	5,000
Net Capital Requirement (Greater of the Above)	<u>5,000</u>
Excess Net Capital	<u>\$ 79,909</u>
Percentage of Aggregate Indebtedness to Net Capital	7.34%

SCHEDULE OF AGGREGATE INDEBTEDNESS

Commissions Payable	\$ 6,112
Accounts Payable	123
Income Tax Payable	<u>-</u>
	<u>\$ 6,235</u>

See Independent Auditors' Report